



## **City of Lansing - Office of Fire Marshal - Code Enforcement**

### **Testimony Opposing Senate Bill 313**

October 2, 2012

Senate Bill 313 as introduced would impact the City of Lansing, as well as the citizens of Lansing, in several ways. As it has been described, the bill will impact all cities and townships by capping the rental housing registration fees at \$100; rental unit inspection fees to between \$40 and \$75 per leasehold; and limit rental inspections to between 6 and 10 years. There have been claims that these programs have become "cash cows" at the local level.

The current one-time fee to register a single family rental property in the City of Lansing is \$400.00. The inspection fee for the rental inspection that is done every 3 years is \$240.00, which amounts to \$80.00 per year for the Rental Certification Program. The inspection fee for multiple unit buildings (those that are 3 units or more) is a \$150.00 base fee plus \$18.00 per unit. Multiple unit buildings are inspected every 2 years. The City of Lansing maintains a rental program that registers and certifies over 21,000 rental units or 39% of the total housing units in the City.

The fees cover a wide range of expenses incurred by the Code Enforcement Office to manage this program. The expenses include:

1. \$1,599,995.00 for salaries and benefits to pay the inspectors and office staff to maintain the Rental Registration Program.
2. \$3,000.00 for software/software maintenance to maintain the BS&A program we use to administer the program and for record keeping.
3. \$11,786.00 for vehicles and fuel for the staff.
4. \$5,500.00 for telephone equipment for the office and radios for field use.
5. \$7,700.00 for training to maintain the inspector's licenses and certifications.
6. \$2,500.00 for postage for mailing out the 15,000+ letters we send out each year.
7. \$24,000.00 for miscellaneous operating expenses for paper, envelopes, pencils, pens, printers, toner etc.

The revenues we derive from residential and multi-unit registration and licensing fees, plus code compliance fines attributable to rental properties, is projected at \$1.3 million for the current fiscal year. Compared to our administrative expenses of more than \$1.6 million, the City of Lansing is already operating at a net loss relative to our rental licensing and inspection programs. Additional reductions in our ability to levy appropriate fees to support these services will have a negative impact on our ability to maintain safe housing in the City of Lansing.

The process to complete the rental inspection starts long before the inspector gets out of his car at the property.

1. First the property has to be registered.
2. The clerk enters the owner's information into the system
3. The clerk sets the inspection and takes the payment.
4. The clerk then creates the rental file for the property to be placed in the file cabinet.

On the day of the scheduled inspection:

1. The inspector arrives at the property on the inspection date and does the physical inspection of the property.
2. The inspector then returns to the office and prepares and mails the owner a list of the violations found during the inspection. This letter will include a re-inspection date or a date the violation letter must be signed and returned by the owner to verify that the corrections were made.
3. If the letter is not returned or the re-inspection is not done a "Failure to Comply" letter will be sent to the owner requesting that the inspection process be completed.
4. If the 2<sup>nd</sup> request is not complied with, the inspector must go out and place a pink tag designating a lack of certificate to the structure, giving the owner 30 days to comply with the inspection report.
5. If the 3<sup>rd</sup> and final request is ignored the inspector must make another trip out to the structure to post a tag and vacate the structure until such time as the owner complies with the outstanding letter.

A report is generated for each rental inspection. It will be either an "Inspected and Complied" letter, a "Re-inspection Required" letter or a "Sign and Return" letter. Out of the 5,495 inspections done in 2012, only 655 or 11% were Inspected and Complied. Hence, Code Enforcement has to follow up to ensure that the process is completed and a valid Certificate of Compliance is issued for each rental dwelling. In most cases this takes more than one visit to a property.

The rental registration and inspection system administered by the City of Lansing is critical to the health and safety of the people living in these rental properties. At times, our staff has arrived at a property to do a scheduled rental inspection and have had to tag the property as unsafe due to lack of utilities, structural issues, missing or inoperative water heaters and furnaces, and other issues. These happen even on properties where the owner knows we are coming to inspect. We also find that in 37% of the properties we inspect there is some type of permit issue. Landlords are doing work such as replacing furnaces and water heaters or installing electrical circuits or entire service panels and not getting the State mandated permits that go along with this type of work to ensure that it is done safely and meets State Building Codes.

If we are finding these type of issues on properties we inspect every 2-3 years, what will these properties look like if they are inspected only every 6 -10 years? This also applies to landlords not paying their registration and inspection fees.

The job of our division is to ensure quality housing in the City of Lansing through the regular enforcement of the Lansing Housing and Premises Code. Our Lead Housing Inspector, seven Code Compliance Officers and two Premise Officers, under the direction of the Lansing Fire Marshal, continue to accomplish the multifaceted tasks of rental housing inspections, safety, exterior, and premises inspections of all properties. Our officers conducted 5,495 rental certification inspections representing more than 10,000 dwelling units with a 94% compliance rate. As part of our routine inspections, over 12,000 residential smoke alarms were tested to assure the proper operation of this life saving device. In addition, 581 safety inspections, for both rental and owner occupied dwellings were conducted and more than 95 correction notices issued for exterior violations.

There is a cost associated with the job that we do. Each municipality has to make that determination as to what the cost to these mostly absentee landlords needs to be to cover the type of housing issues and rental programs that they enforce. There is no one fee that covers all when it comes to regulating these programs. The cities of Flint, Detroit and Grand Rapids as well as the City of Lansing and many others, all face challenges in regulating rental properties to ensure that landlords are providing safe and healthy housing for the residents of their respective cities.

SB 313 as introduced would certainly be an advantage to the landlords since they would only have to pay a hundred dollars for a business license, have it expire every 6-10 years and have little to no oversight. Would we try to put this type of regulation over any other business in the State, let alone one that directly affects the health and welfare of its citizens? We ask that this bill be withdrawn at the committee level or significantly revised and that you continue to allow each municipality of this State to determine what is best for its citizens.

